

# News from Ed Markey

**United States Congress**

**Massachusetts Seventh District**

**FOR IMMEDIATE RELEASE**

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## **Energy Department Keeps Gasoline Prices High by Refusing to Suspend Oil Purchases for Strategic Reserve**

***DOE Also Refuses to Consider Swapping Oil From Reserve to  
Help Meet Demand***

WASHINGTON, D.C. — Representative Edward J. Markey (D-MA) today released a letter from Energy Secretary Spencer Abraham announcing that the Department of Energy planned to continue purchasing oil for the nation's Strategic Petroleum Reserve (SPR) despite current record high crude oil prices, and that the Department had no plans to suspend such purchase, or to swap oil from the Reserve, in order to help lower crude oil prices that have risen to \$40 a barrel in recent days.

"The Bush Administration seems unwilling to take even the most basic and modest measures to help bring down high oil prices," said Rep. Markey, a senior Democratic Member of the House Energy and Commerce Committee. "Right now consumers are getting turned upside down and having money shaken out of their pockets by OPEC and the big oil companies, and the Bush Administration won't lift a finger to help them."

"Instead of taking action, the Bush Administration is fiddling while American consumers get burned."

In the letter Rep. Markey released today, Energy Secretary Abraham said, "Absent a severe energy supply interruption, the Department intends to continue to take delivery of oil for the Strategic Petroleum Reserve as it becomes contractually due." Abraham continued, "Similar reasoning applies to the recommendation that we consider swapping oil from the Reserve." Abraham argued that such oil swaps, which were successfully undertaken by President Clinton to help lower oil prices, would "shift the focus of our attention away from energy security to controlling near-term prices" and over time would "deplete the Strategic Petroleum Reserve and the energy assurance it provides and increase our vulnerability to energy supply disruptions."

An Energy Information Agency analysis attached to Secretary Abraham's letter argued that suspending oil purchases for the Strategic Petroleum Reserve would have a small

impact on international oil markets, though it acknowledged that “even at 200 thousand barrels per day” suspending such purchases “would have a price impact of 60 cents to \$1 per barrel.”

Rep. Markey noted that the Secretary’s reasoning “fails to take full account of the potential market impact of suspending purchases of oil for the Reserve and announcing plans to swap oil out of the Reserve.”

Markey noted that “A good portion of the current high price of oil is not based on current demand exceeding supply, but on a bullish market psychology in which speculators have been driving prices up based on fears of future supply disruptions. A strong signal by President Bush that he was prepared to undertake aggressive action to deploy America’s Strategic Reserve in response to the threat that high oil prices pose to our economy might help break this wave of speculation and bring oil prices back down to a more stable and reasonable level.”

A copy of the DOE letter and related correspondence can be found at <http://www.house.gov/markey/energy.htm>

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